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SUBJECT: AMBASSADOR'S OCTOBER 1 CALL ON FINANCE MINISTER
ZULUAGA

REF: A) BOGOTA 7088 B) BOGOTA 7019

¶1. (SBU) Summary. Finance Minister Zuluaga reiterated to the Ambassador, on October 1, GOC support for Treasury Secretary Paulson's informal consultative process with like-minded Latin American finance ministers. He concurred with the Ambassador's suggestion that our governments pursue an expanded economic agenda under the Total Economic Engagement (TEE) process. Zuluaga highlighted growing investor confidence in Colombia, but cautioned that failure to approve the Colombia-U.S. Trade Promotion Agreement (CTPA) would dampen progress and complicate Colombian efforts to fight narco-terrorism. The Minister urged the USG to remain vocal in fora sponsored by international financial institutions (IFIs) and explain that Latin American support for market driven policies still outweighs support the Chavista economic model. End Summary.

¶2. (SBU) Finance Minister Oscar Ivan Zuluaga, a close political ally of President Uribe, expressed to the Ambassador on October 1 firm GOC support for the consultative process with Latin American finance ministers initiated by Secretary Paulson. Zuluaga regretted that he could not

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attend the July meeting in Montevideo along with his counterparts from Mexico, Chile and Uruguay, but emphasized that a previous commitment in Colombia precluded his participation. He assured the Ambassador that his absence did not relate to dissatisfaction with the process or the bilateral relationship. Colombia "remains firm" behind this process, he continued, and he would welcome a chance to continue consultations during the upcoming Bank/Fund meetings in Washington.

¶3. (SBU) The Ambassador presented the USG vision of an expanded bilateral agenda that went beyond the CTPA to include additional financial, trade, commercial and social elements. He suggested -- as he had during his call on Trade Minister Plata (Ref B) -- that we form a working group to flesh out an agenda. Zuluaga concurred, calling the initiative an important strategic step. The U.S. will continue as Colombia's principal commercial partner, and there remain many avenues for expanded economic engagement. The Minister highlighted the GOC proposal to attract second home owners to Colombia, medical tourism, expanded insurance coverage, and expansion of investment fund activities as themes to put on the table. Zuluaga also made a pitch for USG assistance to augment infrastructure finance and to conduct next the Colombian census.

¶4. (SBU) Ambassador Brownfield congratulated the GOC for the immensely successful first round of partial privatization of

Ecopetrol (Ref A). Zuluaga underscored the message of confidence that this represents in the Colombian investment climate. Building investment confidence remains one of the central tenets of President Uribe's governance, he continued, and the results so far have not disappointed. FDI reached \$6 billion in 2006, and should exceed \$8 billion in 2007. While the U.S. represents the largest source of FDI (approximately 25%), other countries such as Brazil and Chile increasingly look to Colombia as a sound place to invest.

¶5. (SBU) Zuluaga recounted his recent visit to Lima to appear at an IMF forum. He expressed surprise and concern at the number of invited parliamentarians from the region who were aligned with the Chavez economic model. We must not allow IFIs and other international organizations to foment this notion as the principal narrative in Latin American economic circles. He urged vigilance from the USG to guarantee that international economic and financial meetings genuinely reflect the dominant thought in the region, i.e. that the free-market, private-sector driven economic model offers the best opportunity for job creation and improvements in social welfare.

Brownfield